

(Draft - Awaiting Formal Approval)
**MINUTES OF THE
RETIREMENT AND INDEPENDENT ENTITIES COMMITTEE
AND APPROPRIATIONS SUBCOMMITTEE**
Thursday, November 12, 2009 – 9:00 a.m. – Room 30, House Building

Members Present:

Sen. Daniel R. Liljenquist, Senate Chair
Rep. Melvin R. Brown, House Chair
Sen. D. Chris Butters
Sen. Gene Davis
Sen. Brent H. Goodfellow
Sen. Jon J. Greiner
Rep. Bradley M. Daw
Rep. Susan Duckworth
Rep. Neil A. Hansen
Rep. Wayne A. Harper
Rep. Bradley G. Last
Rep. Christine F. Watkins

Members Absent:

Sen. Curtis S. Bramble
Rep. Merlynn T. Newbold
Rep. Stephen E. Sandstrom

Staff Present:

Mr. Benjamin N. Christensen, Policy Analyst
Ms. Shannon C. Halverson, Associate General Counsel
Ms. Catherine J. Dupont, Associate General Counsel
Ms. Glenda S. Whitney, Legislative Secretary
Mr. J. Daniel Schoenfeld, Fiscal Analyst

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Chair Brown called the meeting to order at 9:11 a.m. He excused Sen. Bramble from attending the meeting.

MOTION: Rep. Daw moved to approve the minutes of the September 9, 2009 meeting. The motion passed unanimously. Sen. Goodfellow, Rep. Duckworth, and Rep. Last were absent for the vote.

2. Compensation for State Public Employees

Mr. Christensen distributed and gave a slide presentation on, "2009 State Employee Compensation Briefing." He noted that the total employer paid compensation for public employees is made up of salary, benefits, and employment taxes. The average annual salary for state employees in the current year is \$44,903. The total cost for that employee is \$71,954 with 62.4 percent going for salary, 33.2 percent for benefits, 4.4 percent for taxes, and 9.8 percent for retirement.

Mr. Schoenfeld gave an overview on state paid costs for State Employee Compensation.

3. Utah State Retirement Systems Trust Fund Financial Status and Alternative Actuarial Models

Mr. Robert V. Newman, Executive Director, Utah State Retirement Systems, briefed the Committee on the Utah State Retirement System and the financial status of the retirement funds. He gave an overview on: (1) what has happened to funding levels in recent years; and (2) what is projected for future contribution rates.

Mr. Chris Conradi, Senior Consultant, and Mr. Lewis Ward, Consultant, Gabiel Roeder Smith & Company, distributed a copy and reviewed the presentation, "Information Requested by Committee for

Nov. 12th Meeting." Mr. Conradi discussed long-term projections of key actuarial results under various scenarios. He briefed the Committee on what alternative actuarial models might be considered for the Legislature to appropriately respond to the recent rise in the unfunded liability of the Utah State Retirement System.

Chair Brown indicated that the letter from Mr. Conradi has been posted on the internet.

Break - Chair Brown recessed the Committee at 10:45 a.m. and reconvened at 11:06 a.m.

4. A Performance Audit of the Cost of Benefits for Reemployed Retirees and Part-Time Employees

Mr. Christensen distributed handouts, "Key Retirement Reemployment and Part-time Benefit Provisions of the Utah Code" and "Reemployment Restrictions for Utah State Retirement System Retirees."

Ms. Maria G. Stahla, Audit Supervisor, Mr. Darin R. Underwood, Audit Manager, and Mr. Brian J. Dean, Audit Supervisor, Office of the Legislative Auditor General, distributed and reviewed the audit, "A Performance Audit of the Cost of Benefits for Reemployed Retirees and Part-Time Employees." It included findings on post-retirement reemployment and retirement service credit and health benefits for part-time employees.

5. Retirement System Key Issues and Reform Options - Updates

Representatives of retirement interest groups including the Utah State Retirement Systems Membership Council, state and local entity representatives, employee groups, and others commented on the Utah State Retirement System key issues and reform options:

Mr. Mike Galieti, Chairman, Utah Retirement Systems Membership Council, stated there was no consensus within the Council regarding proposals for reform and how to mitigate funding issues. He indicated that most members of the Council argue some adjustment may be in order, but should be made carefully and after further study.

Ms. Sheri Watters, Utah Public Employees Association, discussed the pension system and noted that the defined benefit plan is the retirement option of choice. She opposed any legislation that would erode the merit system and suggested not making changes without extensive cost analysis and study.

Mr. Marty Peterson, Professional Firefighter of Utah, distributed a handout "Firefighters System," with his written comments.

Mr. Roger Miner, Utah Retired School Employees Association, expressed concern for what may happen to the retirement benefit package in the future. He suggested staying with a pension plan rather than going with defined contributions as a substitute for pensions.

Mr. Kenneth Bullock, Utah City of Leagues and Towns, indicated that the Utah League of Cities and Towns did not have specific recommendations at this time. He commented on the contract that has been made with public employees and discussed the fiscal responsibility to employees.

Mr. Kory Holdaway, Utah Education Association, stated that the Utah State Retirement System is currently sound overall and suggested: (1) giving the system more time to correct; (2) honor commitments made to the employees and recognize their value; and (3) take time with the issue and not let the market dictate quick decisions.

Mr. John A. Smith, Financial Studio, addressed concern with the Utah State Retirement System and suggested offering other retirement ideas to employees and increase personal responsibility.

Ms. Christie Scribner, Sandy Police Department, Fraternal Order of Police, stated concern about changing one of the nations best retirement systems. She suggested that a professional study be done by an independent agency to address this issue.

Ms. Jan Johnson, Executive Director, Utah Alliance of Government Employees, stated that their Association does not want a retirement system that has only a defined contribution system. She encouraged the Committee to take time in their decision making regarding this issue.

Mr. Brian Eynon and Mr. Kory Checkettes, Ogden Police Benefit Association, distributed and reviewed their written comments regarding the violation of Utah Retirement Rules by the City of Ogden, its police department, and the Utah State Retirement System.

Mr. Jeff Leonard, Utah School Employees Association, stated the Utah State Retirement System is well managed and does well over the long term.

Mr. Tom Ross, Bountiful Police Chief, relayed his experiences as chief and talked about things that officers give up in compensation. He stated there should be balance in what is given up with retirement benefits.

6. Other Committee Business

7. Adjourn

MOTION: Sen. Goodfellow moved to adjourn the meeting. The motion passed unanimously. Sen. Buttars, Sen. Davis, Rep. Daw, and Rep. Harper were absent for the vote.

Chair Brown adjourned the meeting at 12:55 p.m.